

TITLE 89: SOCIAL SERVICES  
CHAPTER I: DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
SUBCHAPTER B: ASSISTANCE PROGRAMS

PART 126  
THE ILLINOIS PRESCRIPTION DRUG DISCOUNT PROGRAM

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**AUTHORITY:** Implementing, and authorized by Section 45 of, the Illinois Prescription Drug Discount Program Act [320 ILCS 55] and implementing and authorized by Section 12-13 of the Illinois Public Aid Code [305 ILCS 5/12-13].

**SOURCE:** Adopted at 11 Ill. Reg. 20978, effective December 15, 1987; amended at 13 Ill. Reg. 1589, effective January 18, 1989; amended at 17 Ill. Reg. 11566, effective July 8, 1993; amended at 22 Ill. Reg. 19929, effective October 28, 1998; amended at 24 Ill. Reg. 17562, effective November 16, 2000; emergency amendment at 25 Ill. Reg. 8449, effective July 1, 2001,

for a maximum of 150 days; emergency amendment modified in response to JCAR objection at 25 Ill. Reg. 12913; emergency expired November 27, 2001; amended at 25 Ill. Reg. 16508, effective December 18, 2001; amended at 26 Ill. Reg. 8437, effective May 24, 2002; emergency amendment at 26 Ill. Reg. 11126, effective July 1, 2002, for a maximum of 150 days; amended at 26 Ill. Reg. 16981, effective November 7, 2002; amended at 27 Ill. Reg. 2699, effective January 31, 2003; amended at 28 Ill. Reg. 1133, effective January 2, 2004; 86 Ill. Adm. Code 530.101, 530.105, 530.110, 530.116, 530.125, 530.130, 530.135, 530.140, 530.145, 530.150, 530.155, 530.160 and 530.165(a), (d) and (e) transferred from the Department of Revenue (86 Ill. Adm. Code 530) to the Department of Public Aid (89 Ill. Adm. Code 126.101, 126.105, 126.110, 126.116, 126.125, 126.130, 126.135, 126.140, 126.145, 126.150, 126.155, 126.160 and 126.165(a), (b) and (c)) pursuant to Executive Order 2004-3; emergency amendment at 30 Ill. Reg. 563, effective January 1, 2006, for a maximum of 150 days; repealed by emergency rulemaking at 30 Ill. Reg. 926, effective January 1, 2006, for a maximum of 150 days; old Part repealed at 30 Ill. Reg. \_\_\_\_\_ and new Part adopted at 30 Ill. Reg. \_\_\_\_\_ effective May 26, 2006.

## SUBPART A: PURPOSE AND DEFINITIONS

## Section 126.10 Purpose

This Part implements the Illinois Prescription Drug Discount Program, also known as the Illinois Rx Buying Club, to enable Illinois citizens to purchase prescription drugs at discounted prices.

## Section 126.20 Definitions

The following terms have the following meanings:

"Act" means the Illinois Prescription Drug Discount Program Act [320 ILCS 55].

"Authorized Pharmacy" means any pharmacy registered in this State under the Pharmacy Practice Act of 1987 or approved by the Department of Financial and Professional Regulation and approved by the Department or its Program Administrator.

"AWP" or "Average Wholesale Price" means the amount determined from the latest publication of the Red Book, a universally subscribed pharmacist reference guide annually published by the Hearst Corporation. AWP may also be derived electronically from the drug pricing database synonymous with the latest publication of the Red Book and furnished in the National Drug Data File (NDDF) by First Data Bank (FDB), a service of the Hearst Corporation.

"Cardholder" means an eligible Illinois citizen who has enrolled in the program.

"Citizen" means a resident of the State of Illinois.

"Covered medication" means any medication included in the Illinois Prescription Drug Discount Program.

"Department" or "HFS" means the Department of Healthcare and Family Services.

"Director" means the Director of the Department of Healthcare and Family Services.

"Drug Manufacturer" means any entity that is located within or outside Illinois that is engaged in:

the production, preparation, propagation, compounding, conversion, or processing of prescription drug products covered under the program, either directly or indirectly by extraction from substances of natural origin, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis; or

the packaging, repackaging, leveling, labeling, or distribution of prescription drug products covered under the program and that elects to

provide prescription drugs either directly or under contract with any entity providing prescription drug services on behalf of the State of Illinois. Drug manufacturer, however, does not include a wholesale distributor of drugs or a retail pharmacy licensed under Illinois law.

“Eligible Enrollee” means an eligible Illinois resident, with a household income equal to or less than 300 percent of the Federal Poverty Level (FPL), and who has paid the enrollment fee.

“Federal Poverty Level” or “FPL” means the Federal Poverty Income Guidelines published annually in the Federal Register.

“Income” means household income equal to or less than 300 percent of the FPL.

“Participating Pharmacy” means any pharmacy that complies with the requirements of the Illinois Prescription Drug Discount Program.

"Prescription Drug" means any prescribed drug that may be legally dispensed by an authorized pharmacy.

"Program" means the Illinois Rx Buying Club created under the Illinois Prescription Drug Discount Program Act.

"Program Administrator" means the entity that is chosen by the Department to administer the program, consistent with the requirements of the Illinois Prescription Drug Discount Program and this Part 126.

## SUBPART B: RESPONSIBILITIES OF THE DEPARTMENT

## Section 126.30 Eligibility

Eligibility is limited to:

- a) Illinois Residents; and
- b) Households with incomes equal to or less than 300 percent of the FPL.

## Section 126.40    Enrollment Fee

*To participate in the program, an approved applicant must pay an amount determined by the Director of HFS upon enrollment and annually thereafter (Section 35(a) of the Act).*

The Director may, in his or her discretion, reduce the annual enrollment fee of \$10 based upon actual administrative costs. The Department shall establish, maintain and account for annual enrollment fees in the Illinois Prescription Drug Discount Program Fund.

## Section 126.50 Other Administrative Responsibilities of the Department

- a) In discharging its administrative responsibilities pursuant to the Act, the Department will either act as the Program Administrator or enter into a contract with an outside vendor, pursuant to Section 25 of the Act, and/or agreements with State agencies under which those entities will serve as the Program Administrator and/or exercise various recordkeeping and other administrative functions. Any contract or agreement must provide for inspection of appropriate records and audits of participating pharmacies or other appropriate measures deemed sufficient by the Director, in his or her discretion, to ensure contract compliance and to determine any fraudulent transactions or practices under the Act. Any contract entered into with outside vendors must be in compliance with the procedures and requirements set forth in the Illinois Procurement Code.
- b) The Department will reimburse the Program Administrator for the cost of cardholder enrollment, pursuant to the contract entered into by the Department and the Program Administrator. The amount of reimbursement will be at a rate to be agreed upon by the Department and the Program Administrator and will be set forth in specificity in the contract. Funds to pay the reimbursement shall come from the enrollment fee and can either be taken from the enrollment fee prior to deposit or deposited into the Fund and reimbursed back to the Program Administrator, at the discretion of the Director.
- c) The Department will, in cooperation with the Program Administrator, establish procedures for properly contracting for pharmacy services and validating compliance of authorized pharmacies with the Act and this Part 126.
- d) The Department shall report to the Governor and the General Assembly by March 1 of each year on the administration of the program.



**SUBPART C: RESPONSIBILITIES OF THE PROGRAM ADMINISTRATOR****Section 126.60 Eligibility Determination**

The Program Administrator shall obtain the necessary enrollment information from applicants and shall verify eligibility. Eligibility shall be determined within 30 days after receipt of the application.

## Section 126.70    Enrollment

The Program Administrator shall:

- a)     Enroll eligible applicants into the program.
  - 1)     Other eligible applicants may enroll by mail, facsimile or telephone process.
  - 2)     Eligible applicants who enroll by mail or facsimile shall apply on the enrollment form, the content of which shall be approved by the Director, or his or her designee, and may be amended from time to time. The enrollment form requires the applicant's name, address, telephone number and income information.
- b)     Distribute the identification card to the eligible enrollee.
- c)     Collect and deposit enrollment fees into the Illinois Prescription Drug Discount Program Fund.

## Section 126.80 Re-enrollment

The period of enrollment in the program is one year. Cardholders must re-enroll each year by their one-year anniversary date or enrollment will be terminated.

### Section 126.90 Other Administrative Responsibilities

- a) The Program Administrator shall contract with pharmacies electing to participate in the Prescription Drug Discount Program.
- b) The contract shall require that a participating pharmacy, at a minimum, in Illinois be licensed and in good standing. Participation of any pharmacy shall be terminated by the Department upon a pharmacy's breach of contract and/or violation of the terms of the Illinois Prescription Drug Discount Program Act.
- c) Cardholders may purchase medications in amounts up to a 90-day supply, except as may be necessary for utilization control reasons.
- d) The Department and/or Program Administrator may negotiate with one or more drug manufacturers for payment rebates. These rebate dollars are to be used to further reduce the prescription cost to the Illinois Prescription Drug Discount Program enrollees, consistent with the requirements of the Illinois Prescription Drug Discount Program.
- e) The Program Administrator is responsible for providing reports to the Department regarding enrollment participation, prescription costs, savings, pharmacy participation, and any other reports deemed necessary by the Department.
- f) The Program Administrator is responsible for providing customer service to cardholders and is responsible for developing, administering and promoting any clinical programs, such as disease management, implemented at the discretion of the Director.

**Section 126.100 Termination of Program Administrator**

- a) The contract with the Program Administrator may be terminated by the Director, with cause, upon 30 days written notice or, without cause, upon at least 120 days written notice.
- b) Upon written notice, determined by the Director to be reasonable under the circumstances requiring modification, the Director may require the program Administrator to modify the conduct of the program.

## SUBPART D: FUNDING

## Section 126.110 The Illinois Prescription Drug Discount Program Fund

The Program Administrator shall collect and deposit enrollment fees into the Illinois Prescription Drug Discount Program Fund.

## SUBPART E: DISCOUNTS

## Section 126.120 Discounts

- a) The Program Administrator shall electronically communicate prescription drug discount information to the participating pharmacy.
- b) The Program Administrator shall ensure and guarantee that a cardholder will be charged no more than the rate agreed to in the contract.
- c) Any manufacturer or group purchasing organization rebate used to provide a discount greater than the agreed to pharmacy rate to the cardholder shall be reimbursed to the participating pharmacy subject to the availability of funds.
- d) The cardholder shall receive the greatest discount through the participating pharmacy (at the point of sale). The total amount paid by the available cardholder for any prescription drug under this program shall not exceed the usual and customary charge for the prescription.